

## Message Text

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PAGE 01 OTTAWA 04808 082152Z  
ACTION EUR-12

INFO OCT-01 ISO-00 EB-07 XMB-04 AID-05 IGA-02 ITC-01  
ARA-14 L-03 OPIC-06 STR-04 /059 W  
-----090409Z 121768 /17

R 082147Z JUN 77  
FM AMEMBASSY OTTAWA  
TO AMEMBASSY CARACAS  
INFO SECSTATE WASHDC 3736  
AMEMBASSY MADRID  
AMCONSUL MONTREAL  
USDOC WASHDC

UNCLAS OTTAWA 04808

E.O. 11652:N/A  
TAGS: BENC, VE, CA  
SUBJECT: MAJOR PROJECT: RAILROAD

REF: CARACAS 5635 AND 5652 (NOTAL)

1. MINISTER OF INDUSTRY, TRADE AND COMMERCE (ITC) JEAN CHRETIEN CONFIRMED DURING HOUSE OF COMMONS DEBATE JUNE 6 THAT CANADA HAD BEEN INVITED BY GOV TO FORM CONSORTIUM WITH SPAIN TO CONSTRUCT FIRST PHASE (700 KILOMETER OF 3,000 KILOMETER) VENEZUELAN RAILROAD AND HAD BEEN CHOSEN AS MAIN CONTRACTOR FOR PROJECT ESTIMATED TO COST ONE BILLION DOLLARS.

2. ACCORDING TO RANDY GHERSON, GENERAL DIRECTOR, WESTERN HEMISPHERE, ITC, WHO ACCOMPANIED CHRETIEN TO CARACAS LAST WEEK, NO PROJECT MANAGER AS SUCH HAS YET BEEN CHOSEN AS CONSORTIUM AGREEMENT WITH SPANISH STILL NEEDS TO BE WORKED OUT AND SPANISH SENSITIVITIES MUST BE TAKEN INTO ACCOUNT. AGREEMENT EXPECTED TO BE CONCLUDED IN TWO OR THREE MONTHS AND WORK STARTED BEFORE END OF 1977.

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3. AGREEMENT WAS REACHED IN CARACAS, ACCORDING TO GHERSON, THAT PROJECT WOULD BE BASED ON NORTH AMERICAN TECHNOLOGY AND THAT CANADIANS WOULD PROVIDE DESIGN AND ENGINEERING AND SUPPLY EQUIPMENT WHILE SPANISH WOULD PROVIDE PUBLIC WORKS AND TRAINING, WITH A CERTAIN LIMITED AMOUNT OF PARTICIPATION IN EACH OTHER'S SECTORS. TWO SIDES MUST STILL NEGOTIATE OPERATIONAL ARRANGEMENTS.

4. CANAVEN, INCORPORATED IN 1976 TO SECURE VENEZUELAN CONTRACT, WAS ORIGINALLY COMPOSED OF SIX EQUAL SHARE-HOLDERS (OTTAWA 2783, JULY 9, 1976), THEN IN DECEMBER OF 1976 WAS TAKEN OVER BY CN (CN WORKS IN CONJUNCTION WITH AIR CANADA AS CANAC CONSULTANTS LIMITED, SELLING TRANSPORTATION AND MANAGEMENT SERVICES). ORIGINAL SHARE-HOLDERS WILL PARTICIPATE AS SUBCONTRACTORS TO CN.

5. SINCE IT HAS BEEN AGREED THAT TECHNOLOGY WILL BE "NORTH AMERICAN" AS OPPOSED TO "CANADIAN", DOOR APPEARS OPEN FOR US BUSINESS TO PARTICIPATE. SUGGEST INTERESTED FIRMS CONTACT CANAC CONSULTANTS, LTD., 935 LAGAUCHETIERE WEST, MONTREAL, QUEBEC, TEL: 514-877-5741. ENDERS

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
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